




J. Craig Whitley
United States Bankruptcy Judge

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE WESTERN DISTRICT OF NORTH CAROLINA
CHARLOTTE DIVISION**

In re: EMPLOYEE SERVICES.NET, INC., and EEMPAYROLL SERVICES, LLC, Debtors.	CASE NO. 14-30584 CHAPTER 7 (Consolidated Cases)
-------------------------------------------------------------------------------------------------------------------	---------------------------------------------------------------------------

**CONSENT ORDER GRANTING MOTION FOR STAY OF IRS AVOIDANCE
PROCEEDINGS PENDING RULING ON CREDITORS' MOTION TO COMPEL
ABANDONMENT**

This matter came before the Court upon the filing by certain creditors (as listed in Exhibit A of the Motion) of a Motion for Stay of IRS Avoidance Proceedings Pending Ruling on Creditors' Motion to Compel Abandonment [Docket No. 371] (the "Motion"). Five additional creditors (BauschLinnemann North America, Inc., Chapin Pediatrics, P.A., Hydraulic & Pneumatics Sales, Inc., Power Systems Inc. of Georgia, and Brigitte's Staffing, Inc.) (the "Joinder Parties") filed joinders in the Motion [Docket Nos. 379 and 383] (together with the creditors filing the Motion hereafter referred to as the "Movants"). The Chapter 7 Trustee and the United States of America have consented to the relief sought in the Motion to the extent set forth herein and to entry of this Consent Order. Accordingly, pursuant to the consent of the parties, as well as the authority provided under 11 U.S.C. § 105 and Bankruptcy Rule 7012, the Court hereby makes the following findings of fact:

1. On April 9, 2014, an involuntary bankruptcy petition was filed against Employee-Services.Net, Inc. (“ESN”). On April 15, 2014, an involuntary bankruptcy petition was filed against eePayrollServices, LLC (“EEP,” and, together with ESN, the “Debtors”).

2. Sigmon & Henderson, PLLC was appointed as chapter 7 Trustee (the “Trustee”) pursuant to an order entered on April 23, 2014 in the EEP case and on May 5, 2014, in the ESN case.

3. On November 13, 2014, the Court entered an order substantively consolidating the Debtors’ cases.

4. The Debtors were payroll services companies based near Charlotte, North Carolina. Each of the Movants were customers of one or both Debtors.

5. Beginning on February 5, 2016, the Trustee filed the first of multiple adversary proceedings against former customers of the Debtors and the United States of America seeking relief under 11 U.S.C. §§ 502(d), 544, 547, 548(a)(1)(A), and 550 and N.C. Gen. Stat § 39-23.4(a)(1). A list of the 43 adversary proceedings filed as of the date of the Motion is attached hereto as Exhibit A. These and such other adversary proceedings that may be filed by the Trustee alleging common theories of relief are referred to herein as the “IRS Avoidance Proceedings.”

6. The IRS Avoidance Proceedings each share common elements.

7. Simultaneously with the filing of the Motion, the Movants filed a Motion to Compel Abandonment of Claims in the IRS Avoidance Proceedings (the “Motion to Abandon”). In the Motion to Abandon, the Movants seek to have the Court order the Trustee to abandon the claims underlying the IRS Avoidance Proceedings as to all parties. The Trustee intends to contest the Motion to Abandon.

8. The Trustee, United States of America and Movants have consented to stay the

IRS Avoidance Proceedings (both those currently filed and any future ones filed by the Trustee) until the Court enters an order ruling on the Motion to Abandon.

9. The Trustee, United States of America and Movants agree that this Consent Order does not prevent the Trustee from filing any further IRS Avoidance Proceedings. However, any future IRS Avoidance Proceedings that may be filed by the Trustee, are stayed upon service of the summons until such time as the Court has ruled on the Motion to Abandon.

10. The Court finds pursuant to 11 U.S.C. § 105 and Rule 7012 of the Federal Rules of Bankruptcy Procedure that, by consent of the parties, adequate grounds and good cause exist to stay the IRS Avoidance Proceedings (both those currently filed and any future ones filed by the Trustee) until the Court enters an order ruling on the Motion to Abandon.

NOW THEREFORE, it is hereby ORDERED, ADJUDGED and DECREED as follows:

A. The Motion is GRANTED to the extent set forth herein.

B. The IRS Avoidance Proceedings (both those currently filed and any future ones filed by the Trustee) are hereby STAYED. Notwithstanding any contrary deadlines contained in Bankruptcy Rule 7012 or a prior extension order entered by the Court, all deadlines requiring the filing of a response to the complaints filed in the IRS Avoidance Proceedings are STAYED such that defendants in those proceedings need not file any response until further order of the Court.

C. The stay granted in this Consent Order shall apply to those IRS Avoidance Proceedings listed on Exhibit A and those that will be filed on or after February 26, 2016. The Clerk is directed to enter this Consent Order in each adversary proceeding included in Exhibit A attached hereto.

D. For future IRS Avoidance Proceedings filed after the entry of this Consent Order, the Trustee is directed to reference this Consent Order in the adversary cover sheet filed with each new IRS Avoidance Proceeding. The Trustee is additionally directed to serve a copy of this Consent Order on each new defendant(s) at the same time that it serves the complaint and summons in that new proceeding.

E. Nothing in this Consent Order shall affect the claims, arguments or defenses of any party with regard to the IRS Avoidance Proceedings or the Motion to Abandon, all of which claims, arguments and defenses are specifically reserved and preserved.

CONSENTED AND AGREED TO BY:

WOMBLE CARLYLE SANDRIDGE & RICE LLP

/s/ Thomas W. Waldrep, Jr.

Thomas W. Waldrep, Jr. (N.C. Bar No. 11135)
One West Fourth Street
Winston-Salem, North Carolina 27101
Email: bankruptcy@wscr.com

Counsel for the Trustee

RAYBURN COOPER & DURHAM, P.A.

/s/ Shelley K. Abel

Shelley K. Abel
N.C. Bar No. 34370
Rayburn Cooper & Durham, P.A.
227 West Trade Street, Suite 1200
Charlotte, North Carolina 28202
Telephone: (704) 334-0891

Counsel for Lane & Associates, Inc.

PARKER POE ADAMS & BERNSTEIN LLP

/s/ Ashley A. Edwards

Kiah T. Ford IV (NC Bar no. 20979)
William L. Esser IV (NC Bar no. 29201)
Ashley A. Edwards (NC Bar no. 40695)
Three Wells Fargo Center
401 South Tryon Street, Suite 3000
Charlotte, NC 28202
Telephone: (704) 334-0891

Counsel for ETAK Systems, LLC; Tilson Machine, Inc.; and Charleston's Rigging & Marine Hardware, Inc

**HAMILTON STEPHENS STEELE
+ MARTIN, PLLC**

/s/ Glenn C. Thompson

Glenn C. Thompson (Bar No. 37221)
201 South College Street
Charlotte Plaza, Suite 2020
Charlotte, North Carolina 28244-2020
Telephone: (704) 344-1117
Facsimile: (704) 344-1483
gthompson@lawhssm.com

*Counsel for 3C Store Fixtures, Inc. and Davis &
Floyd, Inc.*

McELWEE FIRM, PLLC

/s/ Robert P. Laney

Robert P. Laney
N.C. State Bar No. 7850
906 Main Street
North Wilkesboro, NC 28659
Telephone: 336-838-1111
BLaney@McElweefirm.com

Counsel for Brigitte's Staffing, Inc.

MOORE & VAN ALLEN, PLLC

/s/ Luis M. Lluberas

Luis M. Lluberas (N.C. Bar No. 38320)
100 N. Tryon Street, Suite 4700
Charlotte, North Carolina 28202
Telephone: (704) 331-3548
Facsimile: (704) 409-5675
luislluberas@mvalaw.com

Counsel for River Run Golf & Country Club, Inc.

POYNER SPRUILL LLP

/s/ Jill C. Walters

Jill C. Walters
Bar No. 37121
PO Box 1801
Raleigh, NC 27602-1801
Phone: 919.783.2961
Fax :919.783.1075

Counsel for Outdoor Equipment Distributors, Inc.

TUGGLE DUGGINS P.A.

/s/ Sarah F. Sparrow

Sarah F. Sparrow
(NC Bar no. 13112)
100 N. Greene Street, Suite 600
Greensboro, NC 27401
T 336-271-5255
F 336-274-6590
SSparrow@tuggleduggins.com

Counsel for CGR Products, Inc. and CGR Wisconsin, LLC

MOON WRIGHT & HOUSTON, PLLC

/s/ Andrew T. Houston

Travis W. Moon (Bar No. 3067)
Richard S. Wright (Bar No. 24622)
Andrew T. Houston (Bar No. 36208)
227 West Trade Street, Suite 1800
Charlotte, North Carolina 28202
Telephone: (704) 944-6560
Facsimile: (704) 944-0380

Counsel for DNP Imagingcomm America Corporation and Colony Tire Corporation

UNITED STATES OF AMERICA

/s/ Ward W. Benson

Ward W. Benson
Trial Attorney, Tax Division
U.S. Department of Justice
P.O. Box 227, Ben Franklin Station
Washington, DC 20044
Tel: (202) 514-9642
Fax: (202) 514-6866
Email: wardlow.w.benson@usdoj.gov

NEXSEN PRUET, PLLC

/s/ Brian R. Anderson

Brian R. Anderson
701 Green Valley Road, Suite 100
Greensboro, North Carolina, 27408
T: 336.387.5156
F: 336.387.8932
BAnderson@nexsenpruet.com

Counsel for BauschLinnemann North America, Inc., Chapin Pediatrics, P.A., Hydraulic & Pneumatics Sales, Inc., and Power Systems Inc. of Georgia

This Order has been signed electronically.
The judge's signature and court's seal
appear at the top of the Order.

United States Bankruptcy Court

EXHIBIT A

IRS AVOIDANCE PROCEEDINGS (filed as of 2/26/2016)

<u>CASE NUMBER</u>	<u>DEFENDANT(S)</u>
16-03015	DNP ImagingComm America Corporation and the United States of America
16-03016	Etak Systems, LLC and the United States of America
16-03017	Old Hickory Tannery, Inc. and the United States of America
16-03018	Tilson Machine, Inc. and the United States of America
16-03019	River Run Golf & Country Club, Inc. and the United States of America
16-03020	Outdoor Equipment Distributors, Inc. and the United States of America
16-03021	Lane & Associates, Inc. and the United States of America
16-03022	Hydraulic & Pneumatic Sales, Inc. and the United States of America
16-03023	Burlington Trailer Sales and Service, Inc. and the United States of America
16-03024	Clark Tire & Auto. Inc. and the United States of America
16-03025	Davis & Floyd, Inc. and the United States of America
16-03026	AIHN Architects. P.A. and the United States of America
16-03027	Brigette's Staffing, Inc. and the United States of America
16-03028	Colony Tire Corporation and the United States of America
16-03029	Graphic Visual Solutions, Inc. and the United States of America
16-03031	3C Store Fixtures, Inc. and the United States of America

16-03032	BauschLinnemann North America, Inc. and the United States of America
16-03033	Bepco, Inc. and the United States of America
16-03034	Chandler Foods, Inc. and the United States of America
16-03035	Chapin Pediatrics, P.A. and the United States of America
16-03036	Charleston's Rigging & Marine Hardware, Inc. and the United States of America
16-03037	Classic Packaging Company and the United States of America
16-03038	Daniels Business Services, Inc. and the United States of America
16-03039	Detroit Speed, Inc. and the United States of America
16-03040	Elite Displays & Design, Inc. and the United States of America
16-03041	G S Materials, Inc. and the United States of America
16-03042	Genesis Health Care, Inc. and the United States of America
16-03043	Hickory Park Furniture Galleries, Inc. and the United States of America
16-03044	Interstate Roofing Company, Inc. and the United States of America
16-03045	Milpak Graphics, Inc. and the United States of America
16-03046	North American Lawn and Landscape, LLC and the United States of America
16-03047	North Harbor Club, LLC and the United States of America
16-03048	Piedmont Corrugated Specialty Company and the United States of America
16-03049	Power Curbers, Inc. and the United States of America
16-03050	Rock Hill Gynecological & Obstetrical Associates, P.A. and the United States of America
16-03051	Shield Engineering, Inc. and the United States of America
16-03052	Southeastern Nephrology Associates, PLLC and the United States of America

16-03053	STEAG Energy Services LLC and the United States of America
16-03054	The Century Slate Company and the United States of America
16-03055	The Dadam Group, LLC and the United States of America
16-03056	Tile Collection, Inc. and the United States of America
16-03060	Power Systems, Incorporated of Georgia and the United States of America
16-03061	Verdict Ridge, L.L.C. and the United States of America